

FORM MR-RC (SMO)
Revised August 9, 2006
RECLAMATION CONTRACT

RECEIVED

DEC 01 2006

DIV. OF OIL, GAS & MINING
File Number YEZIAN MINE

Other Agency File Number _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

---ooOoo---

SMALL MINE RECLAMATION CONTRACT

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between **NEFFCO MINING, MANUFACTURING & ENGINEERING, LLC** the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/047/087 which the Operator has filed with the Division and has been determined by the Division to be complete (Complete NOI) as required by the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the lands affected by the mining operations in accordance with the Act and the regulations, and is obligated to provide a surety in a form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the requirements of the Act and applicable regulations, as they may be amended, all of the lands affected by the mining operations conducted or to be conducted pursuant to a Complete Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:

☒ **APPROVED**

- A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and

workings; refuse banks or spoil piles; evaporation or settling ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, and waste discharge areas, structures, and facilities; and

- B. All mining disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the Complete NOI; provided lands may be excluded only if: (1) they were disturbed by mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with a complete notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the mining operations as described in the Complete NOI.
3. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI which are intended to assist in determining the location of the mining operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.
4. The Operator prior to commencement of any mining operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.
5. If the Surety expressly provides for cancellation or termination for non-renewal:
- A. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled, provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety; or
 - B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or any other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety

☒ APPROVED

for the purpose of fully satisfying all of the reclamation obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the mining operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.

6. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by mining operations in accordance with the Act and regulations, as amended. If the mining operations are modified or for any other reason vary from those described in the Complete Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.
7. If reclamation of a substantial phase or segment of the Lands Affected by the mining operations is completed to the satisfaction of the Division, and the Division finds that such substantial phases or segments are severable from the remainder of the mining area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining mining operations as anticipated by the Complete Notice of Intention in accordance with the requirements of the Act and regulations, as amended.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the applicable rules.
9. Operator agrees to pay all legally determined public liability and property damage claims resulting from mining operations, to pay all permit fees, to maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.
10. Operator agrees to indemnify and hold harmless the State, Board, and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
11. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.

☒ APPROVED

12. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease mining operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.
13. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.
14. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.
15. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator, Surety, and otherwise modify the Contract to reflect changes in the mining operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.
16. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

☒ APPROVED

The signatory below represents that the Operator, if not a natural person, is a properly organized entity in good standing under the laws of Utah and the United States, is registered as an entity authorized to do business in the State of Utah, and that he/she is authorized to execute this Contract on behalf of the entity as Operator.

OPERATOR:

NEFFCO MINING, MANUFACTURING & ENGINEERING, LLC
Operator Name

By Everett Jackson Stockwell
Authorized Officer (Typed or Printed)
Member
Authorized Officer - Position

Everett Jackson Stockwell 11-9-06
Officer's Signature Date

STATE OF Utah
COUNTY OF Salt Lake ss:)

On the 9th day of Nov, 2006 Everett Jackson Stockwell
personally appeared before me, who being by me duly sworn did say that
he/she is an member (owner, officer, director, partner, agent,
or other (specify)) of the Operator NEFFCO, LLC and duly
acknowledged that said instrument was signed on behalf of said Operator by
authority of its bylaws, a resolution of its board of directors or as may otherwise
be required to execute the same with full authority and to be bound hereby.

Michele M Maxfield
Notary Public
Residing at Salt Lake
11/21/2010
My Commission Expires:



☒ APPROVED

DIVISION OF OIL, GAS AND MINING:

By John R. Baza
John R. Baza, Director

12/8/2006
Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 8th day of December, 2006, John R. Baza
personally appeared before me, who being duly sworn did say that he, the said
John R. Baza is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he duly acknowledged to me that
he executed the foregoing document by authority of law on behalf of the State of Utah.



Diane Holland
Notary Public
Residing at: Salt Lake City, Utah

05-08-2010
My Commission Expires:



EDWARD T. ALTER, CPA
STATE TREASURER

STATE OF UTAH

OFFICE OF STATE TREASURER
E315 STATE CAPITOL COMPLEX
P. O. BOX 142315
SALT LAKE CITY, UTAH 84114-2315

TEL: (801) 538-1042
FAX: (801) 538-1465
TDD: (801) 538-1042

ROBERT C. KIRK
CHIEF DEPUTY STATE TREASURER

CHRISTINE M. BRANDT
STATE INVESTMENT OFFICER

December 15, 2006

Ms. Beth Ericksen
Division of Oil, Gas & Mining
1594 W North Temple, Suite 1210
PO Box 145801
Salt Lake City, UT 84114

Dear Ms. Ericksen:

I hereby certify that as of December 6, 2006, Neffco Mining Manufacturing & Engineering, LLC has deposited with the Utah State Treasurer cash or securities valued at \$10,00.00 and described as follows:

Interest bearing escrow account # held at Zions First National Bank

The above described securities have been deposited and assigned to the Utah State Treasurer as a Reclamation Surety as required by Section 40-8-14 Utah Code Annotated, and will be held by the Utah State Treasurer until release is requested by the Division of Oil, Gas & Mining.

Sincerely,

Coleen Hackwell
Financial Analyst

☒ APPROVED

Attachment A
S/047/087
Yerian Mine
\$10,000.00

FACT SHEET

Commodity: GOLD

Mine Name: YERIAN MINE

County: Uintah

Disturbed Acres: 2, with re-vegetation requirement of graded areas

Operator Name: NEFFCO MINING AND MANUFACTURING & ENGINEERING LLC

Operator address: 3477 BIG COTTONWOOD CANYON RD SALT LAKE CITY UT
84121

Operator telephone: (801) 943-7359

Contact: Everett Jackson Stockwell (Jack)

Operator email: jack@jackstockwell.com

Surety: Cash

Bank Name: Zions Bank

Surety Amount: \$10,000.00

Account number: to be issued, attachment A

Contact: Beth Ericksen, Division of Oil, Gas and Mining, 801 538 5318

Escalation year: 2009

TAX ID: _____ (required for cash)

RECEIVED
DEC 01 2006

DIV. OF OIL, GAS & MINING

KeyBank National Association
10001 South State St.
Bend, UT 84070

NO 423964520

DATE 11102006

OFFICE 00243005 11/30/2005

TO THE ORDER OF STATE OF UT OIL GAS AND MINING

*****10,000.00

Ten Thousand and 00/100

MEMO NEFFCO LLC

VERIAN MINE

Drawn by KeyBank

AUTHORIZED SIGNATURE

ISSUED BY Integrated Payment Systems Inc., Englewood, Colorado
Bank of America Bank Ltd., Los Angeles, California

Original check
given to V. Barba

RECEIVED

DEC 01 2006

DIV. OF OIL, GAS & MINING

BO

Cash RECEIPT

Date Dec 1 2006

MINERALS BOND \$10K

Amount \$	
Permit Number	M10471087
Operator	Neffco Mining, Manufacturing, & Engineering LLC
Received by	Beth Eickson
Signature	I confirm the dollar amount of this check is correct <i>BO</i> and amount.

Date: 6/22/07

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

MODIFICATION OF ATTACHMENT A
TO THE
RECLAMATION CONTRACT

Name of Operator: Neffco Mining, Manufacturing & Engineering, LLC

Permit Number: M/047/087

Mine Name: Verian Mine

Phone Number: 801-943-7359

Per the executed reclamation contract, the surety agreement for reclamation obligation is included as Attachment A to the reclamation contract as follows:

Check the boxes that apply to this form:

Surety: ☐ Decrease
☒ Increase
☐ Replacement

Reason: ☐ Amendment to NOI
☐ Cancellation/ Termination of surety
☐ Escalation
☐ Partial Release of surety
☒ Other

Explain: expansion of mine site

PIC M/047/087
File in mrrc (reclamation)
Section Contract

Surety Dollar Amount Associated With This Action: \$8600.00

Surety Aggregate Amount: \$18600.00

Included in this modification (surety must be attached)

Instrument(s):

☐ Corporate Surety
☐ LOC Letter of Credit
☐ CD Certificate of deposit
☒ Cash

☐ Rider
☒ Amendment
☐ Addendum
☐ Other

Explain:

Other surety not affected by this modification will remain part of Attachment A and labeled as such.

This Modification will be effective as of the last date signed below

[Signature]
Authorized Officer

[Signature]
Title

6-22-07
Date

[Signature]
Division Director

Utah Division of Oil, Gas and Mining

6/25/07
Date